

16 December 1963

## MEMORANDUM FOR THE RECORD

1. Mr. McCone telephoned me from his home at 1:35 to tell me that he had just completed a telephone conversation with Mr. Gordon, Director, Bureau of the Budget. Mr. McCone said that he had informed Gordon that the Agency would accept the compromise figure for the FY 1965 Budget, provided that we were not obliged to accept the partitioning and segregation proposed. The Director was referring specifically to the denial of FMSAC and other changes proposed by Amory. The Director pointed out that within this compromise budget figure we were going to live on the personnel ceiling proposed by the Bureau of the Budget and as accepted in Mr. McCone's letter of the 13th. Mr. Gordon asked what our legal restrictions were on reprogramming within the Budget, and Mr. McCone replied that there were none. Mr. Gordon agreed that we would not have to accept Bureau of the Budget partitioning and segregation but that if we did any really extensive reprogramming, we would, of course, let him know. The Director stated his confirmation.

2. Mr. McCone pointed out that this budget for '65 does not allow for expansion of many of our planned operations and specifically does not include communications requirements for the State Department as expanded by the Orrick Committee. He said he would continue whatever service he was presently performing but that was all. The Director pointed out that when he had met with Gordon, Staats and Bell previously that Gordon had denied the validity of actions taken by the Orrick Committee, and that, based on this denial, Mr. McCone had eliminated these requirements from his budget, both as to funds and the increased personnel needed to implement it. The Director pointed out that while he had not yet received his '64 authorization from the Appropriations Subcommittee, it was indicated that approximately [redacted] for communications would be deleted from our '64 Budget, and that he expected a further letter from the Hill in this regard. 50X1

EXECUTIVE REGISTRY FILE

*Revised*

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3. Gordon said he would have to talk to Staats and would call the Director back. The Director told him to get in touch either with me or Mr. Kirkpatrick since Mr. McCone would be out of town for the rest of the week.

4. The Director asked me if this position was all right and I said absolutely. I also pointed out that because of the communications problem the Budget may well come back and say they will allow us additional money and personnel to take care of that. Mr. McCone said that this will be fine as far as he is concerned and asked me to pick it up from there.

5. I told Mr. McCone that on the basis of this conversation, we would proceed as originally planned for FMSAC, and Mr. McCone said, "Yes, by all means."

/s/

Marshall S. Carter  
Lieutenant General, USA  
Deputy Director

MSC:bec

Orig - DDCI (Noted and ret'd by Ex Dir)

1 - DDCI Budget book

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1 - Mr. John Clarke

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